



General Assembly

Distr.
GENERAL

A/51/6 (Prog. 17)
15 May 1996

ORIGINAL: ENGLISH

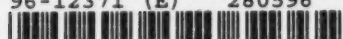
Fifty-first session

PROPOSED MEDIUM-TERM PLAN FOR THE PERIOD 1998-2001

Programme 17. Economic and social development in Latin America and the Caribbean

CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
<u>Programme 17.</u> Economic and social development in Latin America and the Caribbean	17.1 - 17.23	2
Subprogrammes:		
17.1 Linkages with the global economy, competitiveness and production specialization ..	17.4 - 17.5	4
17.2 Integration, open regionalism and regional cooperation	17.6 - 17.7	4
17.3 Productive, technological and entrepreneurial development	17.8	5
17.4 Macroeconomic equilibria, investment and financing	17.9	7
17.5 Social development and social equity	17.10 - 17.11	8
17.6 Strategic administration and State reform	17.12	9
17.7 Environmental and land resource sustainability .	17.13	10
17.8 Population and development	17.14	11
17.9 Statistics and economic projections	17.15 - 17.16	12



CONTENTS (continued)

	<u>Paragraphs</u>	<u>Page</u>
17.10 Subregional activities in Mexico and Central America	17.17 - 17.20	13
17.11 Subregional activities in the Caribbean	17.21 - 17.23	14

17.1 The general orientation of this programme is to contribute to the development of Latin America and the Caribbean by collaborating interactively with member Governments in the comprehensive analysis of development processes and in the resulting provision of operational services. The programme, under the responsibility of the Economic Commission for Latin America and the Caribbean (ECLAC), focuses its analytical work on designing public policies and facilitates the implementation of such policies, concentrating operational services in the areas of specialized information, advisory assistance, training and support for regional and international cooperation.

17.2 The mandate for the programme derives from Economic and Social Council resolution 106 (VI) of 25 February and 5 March 1948, by which the Council established the Economic Commission for Latin America and the Caribbean and entrusted it, *inter alia*, with initiating and participating in measures for raising the level of economic activity in the region and for maintaining and strengthening the economic relations of the countries of the region both among themselves and with other countries of the world; making or sponsoring such investigations and studies as the Commission deems appropriate; and undertaking or sponsoring the collection, evaluation and dissemination of information on regional development issues, trends and policies. The mandate has been further elaborated in a number of General Assembly, Economic and Social Council and Commission resolutions adopted subsequently.

17.3 By the end of the period covered by the plan, the programme is expected to have accomplished the following:

- (a) Strengthened its effectiveness and efficiency in such areas as information-gathering, provision of technical assistance, monitoring of events, action-oriented research and more interaction with government officials;
- (b) Analysed development issues from a regional perspective, with a special focus on emerging trends and their impact on Latin American and Caribbean development;
- (c) Enhanced its role as a conduit to transmit regional concerns to global forums and bring global concerns to regional forums;
- (d) Strengthened technical cooperation among developing countries and provided technical services to the secretariats of regional and subregional integration mechanisms;
- (e) Promoted bilateral and multilateral cooperation, in particular in the areas of trade facilitation, transport, common standards, scientific research and technological development, efficient use of energy and environmental protection;
- (f) Strengthened the capacity of the countries of the region to develop both public and private institutional capacity to adapt rapidly to change, to identify opportunities and to develop the capacities required in order to exploit the opportunities afforded by globalization and mitigate its potentially negative effects.

Subprogramme 17.1 Linkages with the global economy, competitiveness and production specialization

17.4 If the development of the Latin American and Caribbean economies is to be sustainable, their linkages with the global economy (i.e. their quantitative and qualitative participation in trade flows, foreign direct investment and technology) must be improved. In addition, their capacity to take advantage of the expansionary cycles of international and regional trade and to withstand adverse conditions and financial instability must be increased through the diversification of products and markets, the search for foreign investment and partnerships, the use of domestic stabilization mechanisms and better linkages between exports and other productive activities.

17.5 The objectives of the subprogramme, for which the Division of International Trade, Finance and Transport is responsible, are as follows:

(a) The trends towards the globalization of markets and the regionalization of trade, the pattern of trade flows, financing and foreign direct investment and the worldwide process of technological change is likely to undergo new transformations in areas of importance to the region. Thus, the first objective is to alert the countries of the region to the advantages and disadvantages that the international situation entails for their linkages with the global economy and to enrich the debate over the appropriate design of national policies to promote competitiveness and growth in that context;

(b) Notwithstanding the fact that, during the past two decades, several Latin American and Caribbean countries have managed to improve their linkages with the global economy through changes in the structure and direction of exports, the challenge of consolidating new specialization models, based on a profound change in production patterns and an increase in international competitiveness, continues to be relevant. The second objective is to promote the comparative study of export-driven development with a view to identifying strategic components of a dynamic process of changing production patterns that can support new specialization models and to make policy recommendations in that area;

(c) The foreseeable developments in the international context - economic, political and institutional - following the Uruguay Round and the advance of regional and subregional integration agreements can offer some opportunities for countries whose productive and export-driven development has been retarded; nevertheless, they also entail a significant erosion of the opportunities for implementing selective policies to promote such development. The third objective is to support the ongoing comparative study of trade policies and of the evolution of the regulatory framework for international trade with a view to optimizing the use of available opportunities and strengthening the region's negotiating capacity.

Subprogramme 17.2 Integration, open regionalism and regional cooperation

17.6 Within the southern hemisphere, the large number of commitments entered into by many countries in the region poses the challenge of reconciling economic globalization with regional integration agreements so as to avoid the

/...

fragmentation of the world economy into trading blocs. Another issue that has to be addressed is whether integration agreements should be broadened within Latin America before other hemispheric partners are invited to join them, or whether progress should be made on both fronts simultaneously. There is also a need to anticipate any difficulties that could arise if some of the countries taking part in formal subregional integration processes decided to seek a unilateral link with any hemispheric free trade zone that may be formed, rather than negotiate jointly with the other countries in their subregional group.

17.7 The objectives of the subprogramme, for which the Division of International Trade, Finance and Transport is responsible, are as follows:

(a) The first objective is to increase the understanding of the member States of the region of the conceptual and practical problems that they will face as they move forward in the implementation of the integration agreements already entered into or those which may be concluded in the future. The situations that will probably need to be examined in this context involve the establishment and rechanneling of trade flows as a result of formal agreements to establish free trade zones; the position of countries that are less capable of taking advantage of the potential benefits of Latin American and hemispheric integration; the harmonization of Latin American and hemispheric trade rules with the rules of the World Trade Organization (WTO); the capacity of larger institutions to contribute to increasing investment and productivity in economic sectors; and the link between intraregional trade and environmental and employment conditions;

(b) The regional integration process reveals the simultaneous rise of unidimensional or limited integration agreements, the aim of which is to free markets for goods, services and factors of production (with the exception of the work force), and multidimensional or broad integration agreements, which have already reached the stage of customs unions and which aim at common markets and economic unions and at coordinated, harmonized and even joint policies. The second objective is to improve the existing free trade zones in the region, linking them wherever possible and, to the extent feasible, promoting their transition from limited integration processes to broader ones;

(c) The third objective is to promote the development of an integrated transport system that features complementarity and interaction among the various means of transport, the search for institutional and technological solutions and a better use of pricing mechanisms;

(d) The fourth objective is to promote the incorporation of the social dimension into the integration processes, with particular focus on the coordination of social policies, especially in the areas of employment, social security, education, training and migration.

Subprogramme 17.3 Productive, technological and entrepreneurial development

17.8 The objectives of the subprogramme, for which the Division of Production, Productivity and Management is responsible, are as follows:

/...

(a) The main challenge for the countries of the region is to accelerate their growth rates. This requires the utilization and local adaptation of the best internationally available practices and technologies and the enhancement of the countries' ability to compete internationally through the implementation of policies that support the modernization of enterprises, including micro-enterprises and rural production units, and of the environment in which they operate. To that end, the objective is to enhance the capability of the Governments of the region to formulate and implement policies and actions to strengthen the technological dimension of productive activities, increase competitiveness, eliminate bottlenecks in the key factor markets - mainly in the area of human resources, physical capital and export promotion policies - and stimulate entrepreneurial development;

(b) As the Latin American and Caribbean region is abundantly endowed with natural resources, its path to development must necessarily include industrialization, based on the exploitation of its wealth of natural resources, combined with expansion of the activities and subsectors that tend to coalesce around this production base, such as supply and processing industries and services, or that have lateral linkages based on a related technology or management structure. From this standpoint, production systems built around fishing, forestry, mining, energy supplies and agriculture become areas of special interest. The second objective is thus to increase knowledge of the linkages and production chains that are being developed in the region and to identify the policies best suited to supporting this process. Special attention will be paid to the factors that can maximize the positive effects of such linkages on employment generation, poverty alleviation and income distribution, while minimizing their negative impact on the environment;

(c) Another objective following from the above is to promote, on the one hand, the introduction and dissemination of technologies that facilitate a fuller identification and utilization of natural assets and, on the other hand, the definition and development of the capacities required to manage them, with a view to assigning priority to industries based on the exploitation and processing of natural resources and linking them to the effort to change production patterns;

(d) Transnational corporations are the main factor in the current globalization and restructuring of international markets. They are also decisive agents of the ongoing technological innovation process. Accordingly, the objective is to highlight the potential contribution these transnational agents can make to the economic development of the region's countries and to increase the understanding of the behavioural strategies of such enterprises and of their technology transfer methods and partnership arrangements with local agents, in order to promote the establishment of Latin American and Caribbean transnational enterprises that can contribute to the fulfilment of the region's development objectives;

(e) One area in which serious difficulties are anticipated is urban and intercity transport, since growing demand will exert strong pressure on an infrastructure the physical capacity of which cannot be expanded sufficiently in the short term. Accordingly, the last objective is to support the efforts of countries in the region to increase the overall efficiency of the urban and

/...

intercity transport infrastructure and to improve the management of transport services, mainly by restructuring them, strengthening institutional capacity and redefining the role of the private sector.

Subprogramme 17.4 Macroeconomic equilibria, investment and financing

17.9 The objectives of the subprogramme, for which the Division of Economic Development is responsible, are as follows:

(a) In order to have a full understanding of economic development processes and the resulting types of linkages with an increasingly globalized international economy, it is essential to continue to monitor the macroeconomic context and means of overcoming the periodic constraints that the Latin American and Caribbean economies face. The objective is to increase the knowledge of overall economic trends in the region, the policies adopted and the developments that are taking place in the Latin American and Caribbean economies. Special attention will be paid to two issues: the compatibility between economic policy (fiscal, monetary and exchange rate policies) and the structural reforms that are being implemented in the region; and the new types of external constraints that could result from financial globalization and the development of new debt instruments and facilities;

(b) Another objective is to assess the effectiveness of development strategies implemented in the region in maintaining macroeconomic equilibria and achieving accelerated growth. In addition, medium- and long-term prospective studies will be carried out in order to support and assess the design of policies to promote the region's economic and social development;

(c) The low national saving levels characteristic of the region's economies, and the limited volume of investment resulting from such savings, will only allow them to grow at moderate rates; therefore, unless savings and capital formation increase significantly, an accelerated economic growth rate cannot be achieved. While in some countries the policies aimed at increasing savings and capital formation have yielded positive results, in most of the region the formulation of such policies is still in an initial stage. Meanwhile, the Asian countries' experience shows that there is room for innovation in the area of savings instruments and their institutional development. Thus, the objective is to support the design and implementation of policies to strengthen domestic capacities to generate financial resources for investment, establish appropriate financial institutions and instruments for channelling such resources into capital accumulation and facilitate the acceleration of the accumulation process;

(d) The speed of technological progress in the information field and, in particular, its strong and sustained impact on the trends towards globalization of the world economy, pose another major challenge for the region. The idea of a global information network raises questions related not only to future trends in the information and communications technology industry and market, but also, basically, to the issue of global links in the spheres of trade, cultural expression and political participation, in particular. Issues such as the impact of the Internet on the political decision-making process, promotion of developmental actions and interchange of research results in the region should

/...

be examined. A new articulation between member States and ECLAC could also be achieved through a more intense utilization of information networks. The last objective is to contribute to the analysis and exploration of information resources and ways of optimizing their transfer, dissemination and use in such fields as research, policy formulation and the adoption of decisions concerning economic and social development.

Subprogramme 17.5 Social development and social equity

17.10 The chief characteristic of the present stage of development is the effort to improve the productivity and competitiveness of economies. The commitment to such an improvement, however, will require consideration of the social prerequisites of economic development, which, in turn, will make it necessary to change the way in which social policy is made and the role assigned to the State in this area. Such a change can come about only if the various social agents agree on converting social policy into a state policy that recognizes the economic importance of enhancing the quality of human capital.

17.11 The objectives of the subprogramme, which is implemented by the Division of Social Development, are as follows:

(a) The first objective is to support the Latin American and Caribbean countries in the design and implementation of social policies, programmes and projects to increase social equity, efficiency in the use of available resources and effectiveness in the achievement of objectives, chiefly through the assessment of results, capacity-building and the establishment of new criteria. In the fulfilment of this objective, special importance will be attached to those aspects which specifically affect vulnerable groups within the Latin American and Caribbean societies;

(b) The changes that are taking place in the area of social policy objectives and mechanisms and the progress made in the reform of social services (in such areas as education, health care, social security and infrastructure and urban development) call for a deeper analysis of the new management methods that are being implemented in the region. In this area, special attention must be paid to the challenges inherent in improving the quality of services and strengthening social integration through the organized participation of civil society in the formulation of policies and programmes and in control over their management. Another relevant area consists of the experiments with decentralization and delegation of responsibility for social services and the conditions required to ensure their success. The second objective is to analyse the management experience in the area of social policies, programmes and projects with a view to comparing the various methods adopted, identifying successful tools, examining the main problems noted and formulating relevant recommendations, so as to provide policy makers in the social areas with objective information for the definition of national social policies;

(c) Despite the progress noted in some countries, statistical information and social indicators point to a worsening of income distribution and a higher incidence of poverty in most of the region, conditions that will take a long time to alleviate. In addition, poverty now displays different characteristics, notably its growing diversity and predominance in urban areas, even though rural

/...

poverty continues to be more critical. The third objective is to sharpen and update the diagnosis of social conditions in the countries of the region, especially in so far as the identification and follow-up of poverty situations and the analysis of the linkages among employment, income distribution and education are concerned;

(d) While in recent years the employment, education and health care status of Latin American and Caribbean women has undergone important changes, obstacles remain to their full integration into the development process and to their participation in all stages of the decision-making process. The fourth objective is to promote the establishment of regional institutional mechanisms to guarantee the full collaboration and participation of women in the main spheres of economic, political and social development. Special attention will be given to the implementation of the Regional Programme of Action for the Women of Latin America and the Caribbean, 1995-2001;

(e) There is an urgent need to study and elaborate the economic impact caused by the production and trafficking of narcotic drugs and psychotropic substances. The fifth objective is to facilitate appropriate follow-up and complementary work to the United Nations International Drug Control Programme studies and research and analysis of the economic and social impact of drug production, trafficking and consumption, as well as formulations of alternative development programmes to remedy this impact, and to provide technical assistance in the formulation of national policies to prevent and reduce the production, trafficking and consumption of illicit drugs and psychotropic substances.

Subprogramme 17.6 Strategic administration and State reform

17.12 The objectives of the subprogramme, for which the Latin American and Caribbean Institute for Economic and Social Planning (ILPES), is responsible are as follows:

(a) Strategic administration within a democratic framework is a decisive prerequisite for the type of development to which the Latin American and Caribbean region aspires. The support of various social agents and the establishment of long-term political agreements will be key factors in ensuring acceptance of the responsibilities and sacrifices that reform entails. The first objective is to arrive at clarifying the concept of strategic administration and at systematizing a dynamic approach to the issue, one that highlights the need for Governments and societies to collaborate in establishing a coherent order of priorities and to generate ongoing social support for the changes needed, in order to maintain the stability of the system;

(b) The second objective is to facilitate the development of an analytic framework available to the region's countries that can assist them in determining the public agenda on, among others, public safety, corruption, poverty and drug abuse, consistent with the economic and social policies required for changing production patterns with social equity. An effort will thus be made to arrive at a medium-term strategic vision, having both technological and political dimensions, that promotes the implementation of

/...

policies to achieve democratic consensus, participation and leadership, so as to elicit support for the changes required;

(c) Another basic prerequisite for development will be to continue the current efforts to ensure a substantial restructuring of the State and of public administration in the region. The third objective is to support the countries of the region in their efforts to improve the design of public policies, especially as regards reform of the system for analysing and formalizing such policies and the preparation of legal and administrative initiatives;

(d) The fourth objective is to promote the efficiency and effectiveness of regional public administration within the countries of the region;

(e) One aspect that must be addressed in the context of reform of the State is the improvement of its regulatory function as an entity promoting the efficient operation of market mechanisms. In this connection, the objective is to optimize the State's regulatory functions through the creation of an analytical and policy-oriented framework for promoting competitiveness, with a view to meeting the challenges stemming from privatization processes, the deregulation of economic activities, consumer protection and increased consumer power, and the upgrading of the regulatory frameworks of sectors not naturally thought of as competitive.

Subprogramme 17.7 Environmental and land resource sustainability

17.13 The objectives of the subprogramme, for which the Division of Environment and Natural Resources is responsible, are as follows:

(a) Natural resources and energy will continue to play a strategic role in the new stage of development and industrialization in Latin America and the Caribbean; the region must ensure that the management of natural resources, their progressive incorporation into production and, in particular, the technologies employed are environmentally sustainable. The first objective is to enhance the capabilities of the countries of the region to analyse and formulate policies and implement measures aimed at promoting environmentally sustainable development of natural resources and energy and establish and strengthen institutional mechanisms of environmental protection at the national and regional levels, in particular in high-priority spheres such as environmental impact assessment and land-use planning;

(b) The second objective is to support the initiatives of the countries of the region in the implementation of Agenda 21, including, in particular, in such areas as the preservation of biological diversity and sustainable use of the resources it offers, the management of fragile ecosystems, the protection of the sources, quality and supply of fresh water, and the management and transboundary movements of hazardous wastes;

(c) The Latin American and Caribbean region has become predominantly urban. Proper management of the urban process entails strengthening democratic local government at all levels to mobilize the societal resources required to expand and modernize inadequate urban infrastructures and increase the efficiency and effectiveness of housing management to prevent the current

/...

shortage from becoming even more acute. The objective is to contribute towards a better understanding of the conditions and trends in human settlements in the region and to support countries in establishing balanced and integrated human settlement systems, improving housing, infrastructure and services and instituting proper management of the urban process.

Subprogramme 17.8 Population and development

17.14 The objectives of the subprogramme, for which the Latin American Demographic Centre (CELADE), is responsible are as follows:

(a) The obstacles that hinder efforts to attain social equity bring to light the magnitude of the population groups who are at risk - women, the elderly, children, youth and indigenous peoples - all of whom are highly vulnerable to the risks inherent in poverty and social neglect. In addition, since poor people tend to have higher fertility rates, more unwanted children and an unquestionably lower life expectancy than groups that are not poor, considerable pressure must be brought to bear on available resources in order to overcome deficiencies in social services - health, education, reproductive health and family planning - to break the vicious circle of perpetual poverty. Thus, the objective is to improve the capacity of countries to incorporate population variables into social policies, programmes and projects, especially those targeting priority groups;

(b) Population policies aimed at overcoming the inequities that affect demographic behaviour are important because they allow for greater equality of opportunity and play a decisive role in defining investment needs in the area of human resources. The agreements adopted at the International Conference on Population and Development, held at Cairo in 1994, underscore the importance of population policy as an integrating framework for the programme of action agreed upon at the Conference. The second objective is to support the Governments of the region in their efforts to implement the Latin American and Caribbean Regional Plan of Action on Population and Development;

(c) Some countries have made considerable progress towards strengthening the capabilities of local governments by enhancing their know-how, technical expertise and human resources in the area of population and development. Nevertheless, local governments need to understand better the linkages between population and development at the subnational level, in particular in the case of small areas and specific ecosystems. The third objective is thus to promote the simultaneous use of sectoral and demographic information through modern software technologies such as REDATAM (Retrieval of Data for Small Areas), which was developed by CELADE;

(d) The environmental situation of the region provides irrefutable evidence of the many factors that converge in the ever-changing interrelationship between population, development and the environment. Thus, the rapid demographic growth of some cities and the movements of landless farm workers in hot, rainy ecosystems are extreme examples of the critical links that exist between demographic dynamics and the natural environment. The excessive growth of cities tends to cause the exhaustion of sources of potable water, pollution of the atmosphere, dilapidation of soils and accumulation of waste,

/...

all of which harm the environment. The fourth objective is to assist member States in designing, monitoring and evaluating suitable environmental and spatial projects, programmes and policies;

(e) In view of the increasing globalization of trade and the repercussions of recent economic trends, the ways in which the countries of the region enter the international market have changed significantly. These developments on the international scene have been directly reflected in migrations and population movements across national borders. Consequently, the fifth objective is to help develop a system for analysing the determining factors and the implications of these new migratory patterns, as well as their relationship with the trend towards globalization of the economy, as reflected, in particular, in integration of markets.

Subprogramme 17.9 Statistics and economic projections

17.15 The economic, social and institutional reforms undertaken by Latin American and Caribbean Governments and the new patterns of development that are gradually taking shape have created a greater demand for information and prospective studies from both public and private sectors.

17.16 The objectives of the subprogramme, for which the Division of Statistics and Economic Projections is responsible, are as follows:

(a) The first objective is to strengthen the capacity of Governments of the region to produce the statistics and projections needed to formulate and monitor new policies and institutional reforms in progress;

(b) The second objective is to continue to promote the introduction of technological advances for broad dissemination of data to the public and private sectors and of new international classification methods, in particular the 1993 System of National Accounts;

(c) The Governments of the region are according greater priority to overcoming poverty and formulating social policies to ensure equality of opportunity and to solve the problems currently facing women, children, youth and families. The third objective is to develop and expand the compilation and analysis for policy purposes of social statistics for Latin America and the Caribbean, including data needed to monitor objectives set by world conferences;

(d) Major transformations are taking place in the region, both at the institutional and macroeconomic levels. The countries of the region are receiving projections on the expected trends in the major industrialized countries from diverse sources. However, often the projections do not coincide, and it is therefore difficult for the Governments of the region to assess appropriately the impact of the trends in industrialized countries on their own countries. In order to develop the regional capabilities to foresee effectively upcoming trends and challenges, the fourth objective is to facilitate monitoring and assessing of new development processes and their projections, including summaries of major projected global trends in aspects that are relevant to the region.

Subprogramme 17.10 Subregional activities in Mexico and Central America

17.17 During the 1990s, the countries served by the subregional headquarters in Mexico made considerable progress towards concluding their stabilization and adjustment processes. From the beginning of the decade, almost all the economies of the subregion - with some variations - showed a clear trend towards recovery in the area of production, in a context of greater monetary and financial stability.

17.18 In addition, the countries have made very similar changes - albeit at different rates and to different degrees - in the orientation of their economic policies, particularly as regards the opening up of external markets, with a view to improving the competitiveness and efficiency of the production apparatus. As a result, the process of external negotiations has become increasingly important from the strategic standpoint.

17.19 At the same time, public policies have been geared more towards letting the market play a greater role in resource allocation. Thus, the role of the State is gradually being redefined, as its involvement in the operation of the economy has decreased, and a greater role has been given to other actors, forums and agents, thus expanding the sources of decision-making.

17.20 The objectives of the subprogramme, for which the ECLAC Office in Mexico is responsible, are:

- (a) To identify and strengthen those central elements of sustained and sustainable development that can be translated into concrete actions;
- (b) To promote social development policies aimed at assisting low-income groups and disadvantaged and indigenous communities, as well as integrating women into the development process;
- (c) To promote Central American economic integration, in particular through the coordination of macroeconomic policies, and to facilitate the countries' negotiations and their incorporation into free-trade areas that include industrialized economies and established blocs;
- (d) To facilitate the integration of the countries in the area into the international economy and the incorporation of small economies into hemisphere-wide integration efforts (free trade agreement of the Americas);
- (e) To promote strategies and policies that will benefit small- and medium-scale industries in their efforts to become competitive on the international market;
- (f) To strengthen the capacity of Governments to formulate macroeconomic policy strategies for the agricultural, industrial and services sectors, with a view to fostering the development of national production chains and improving their international competitiveness;

(g) To promote the development of the energy sector in Central America, the interconnection of electrical systems, the search for new sources of energy and the design of hydrocarbon policies for Central America.

Subprogramme 17.11 Subregional activities in the Caribbean

17.21 In the Caribbean, many policies adopted in the first part of the decade to adjust the economies and adapt them to changing global developments have achieved some success and, if consistently continued over the next few years, will produce steady economic growth. However, a number of policies are still incomplete and the social fallout from earlier years of stagnation and subsequent adjustment policies will need continued attention.

17.22 The integration of the Caribbean market has been on the agenda for many years, but progress, especially within the Caribbean Community, has been slow. New impetus is likely to come, however, from measures aimed at widening the market beyond the traditional groupings, through the formation of the Association of Caribbean States and proposals for a free trade area of the Americas by the year 2005. Protectionist sentiments, evident in recent decades, will probably be more difficult to sustain as new institutional arrangements develop their momentum. At the same time, the widening of markets to include large and robust economies will require more vigorous measures by the smaller and weaker economies if they are not to be severely disadvantaged as they face increased competition.

17.23 The objectives of the subprogramme, for which the ECLAC Office in Port-of-Spain is responsible, are as follows:

(a) The issue of competitiveness looms large for many countries in the region, as they race to assimilate the large unemployed labour force and absorb the influx of new entrants into the labour force. The need to increase competitiveness will continue to be heightened by progressive market opening, since the protected markets to which most Caribbean Development and Cooperation Committee (CDCC) countries have become accustomed will gradually disappear. Thus, the first objective is to assist the countries of the subregion to formulate supportive micro-economic and management policies that will stimulate investments, improve competitiveness and channel increased savings to productive activities;

(b) Much progress has been made in improving the quality of economic management in the Caribbean, but this progress has been uneven. The objective is to assist those countries in the region which are either experiencing especially severe disequilibria or are likely to experience new shocks from such factors as the reduction of preferences and will continue to require advice and assistance in the formulation of appropriate macroeconomic policies;

(c) Several social issues, such as poverty, early parenthood and high levels of marginalization leading to drug abuse, crime and violence, will continue to warrant attention, and the search for effective policies to break the poverty cycle will need to continue. The third objective is to enhance the study and comprehension, in an integrated manner, of the causes and consequences

of social marginalization, with the goal of formulating policies and/or measures to reduce it;

(d) On the basis of the recent United Nations global conferences (the Global Conference on the Sustainable Development of Small Island Developing States, the United Nations Conference on Environment and Development, the International Conference on Population and Development, the World Summit for Social Development, the Fourth World Conference on Women and the United Nations Conference on Human Settlements (Habitat II)), the fourth objective is to facilitate regional cooperation among Caribbean countries through the promotion and organization of follow-up activities to those conferences;

(e) Environment and sustainable development issues continue to be of importance to the Caribbean subregion. Issues of island developing countries will continue to receive attention, in particular through the implementation of the Programme of Action adopted by the Global Conference on the Sustainable Development of Small Island Developing States, held in 1994. The fifth objective is to strengthen member countries' capabilities to incorporate environmental considerations into development planning and assist in policy formulation at the subregional level on matters relating to environment and development;

(f) Cwing to the openness of their economies, Caribbean countries are highly sensitive to international economic developments and their consequential implications for economic and social development in the region. In that context, cooperation among CDCC member countries and between the Caribbean and Latin America, in both economic and non-economic areas, becomes essential as a means of contributing to the development of the region's countries. Thus, the sixth objective is to identify ways by which the commitment of Caribbean countries to regionalism can be compatible with the new demands being placed on them to integrate into the wider hemispheric and global economic cooperation imperatives.
